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June 27, 2007

BY E-FILING

The Honorable Mary Pat Thyng
United States District Court
844 North King Street
Wilmington, DE 19801

Re: *Samsung Electronics Co. v. ON Semiconductor Corp.,*
C.A. No. 06-720 (***)

Dear Magistrate Judge Thyng:

On behalf of defendants ON Semiconductor Corp. and Semiconductor Components Industries LLC (“ON Semiconductor”), we write to advise the Court of certain developments in the related Texas action, *ON Semiconductor Corp., et al. v. Samsung Electronics Co., Ltd., et al.*, C.A. No. 06-523 (E.D. Tex.) (the “Texas Action”). Judge Davis issued an Order on June 21, 2007, transferring the Texas Action to this Court for determination of whether this Delaware action was properly filed. (See Memorandum Opinion and Order attached as Ex. A.) He further expressed that he “would be happy to receive this case back” should this Court decide it lacks subject matter jurisdiction over plaintiffs’ original complaint. (Ex. A. at 4; see also Tr. at 18:17-21 attached as Ex. B.) That ruling raises several issues.

First, although Judge Davis’s decision moots plaintiffs’ Motion to Enjoin (D.I. 10), ON Semiconductor’s two Motions to Dismiss remain *sub judice*. (D.I. 14, 25.) By expressing a willingness to take back the case if this Court determines it was improvidently filed in Delaware, it is clear that the litigation among the parties will proceed regardless of venue. Therefore, the two motions to dismiss are not case dispositive, and the magistrate judge has the authority to hear them.

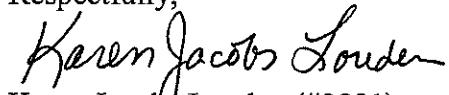
Accordingly, ON Semiconductor respectfully requests that Your Honor decide the two pending motions to dismiss. ON Semiconductor further requests oral argument on the motions given the importance of the issues raised therein.

Second, we note that the Court has yet to enter a Scheduling Order in this case. Plaintiffs represented to the Texas court that this action is moving forward quickly and that the “schedule that both parties proposed” has discovery closing in March 2008 and trial set for October 2008 (Ex. B at 6:5-7; see also 16:12-17 (“it is not the case that this is an orphan in

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Delaware . . . [t]he schedule has us going to trial, has discovery closing in March of '08 and going to trial in October of '08").) Judge Davis based his transfer in part on the fact that "a magistrate judge has been designated to hear and determine any nondispositive pretrial matters," and thus the litigation would "receive prompt attention in Delaware." (Ex. A at 4.) Although ON Semiconductor believes that some of these statements were incorrect in that it did not propose a trial date to this Court, leaving that instead to the Court's discretion, and indeed none has been set, ON Semiconductor nonetheless remains eager to have a Scheduling Order entered in this action. The parties submitted their respective proposals on March 27, 2007. ON Semiconductor is available to discuss these issues at the Court's convenience should the Court wish to hold a conference.

Respectfully,



Karen Jacobs Louden (#2881)
klouden@mnat.com

cc: Clerk of the Court
John Shaw, Esquire (by hand and email)
James Marina, Esquire (by email)

907347

EXHIBIT A

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
TYLER DIVISION**

ON SEMICONDUCTOR CORPORATION and	§	
SEMICONDUCTOR COMPONENTS	§	
INDUSTRIES, LLC	§	
	§	
Plaintiffs	§	CASE NO. 6:06-CV-523
	§	PATENT CASE
vs.	§	
	§	
SAMSUNG ELECTRONICS CO., LTD.,	§	
SAMSUNG ELECTRONICS AMERICA, INC.,	§	
SAMSUNG TELECOMMUNICATIONS	§	
AMERICA GENERAL, LLC and SAMSUNG	§	
SEMICONDUCTOR, INC.	§	
	§	
Defendants	§	
	§	

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants' motion to transfer pursuant to the first-to-file rule (Docket No. 12). Having considered the motion, all other relevant briefing, and the applicable law, the Court **GRANTS** Defendants' motion to transfer.

BACKGROUND

On November 30, 2006, Samsung Electronics Co. Ltd. ("SECL") filed suit in the District of Delaware seeking a declaration that ON Semiconductor Corporation and Semiconductor Components Industries, LLC's (collectively "ON Semiconductor") three United States patents—U.S. Patent Nos. 5,563,594 ("the '594 patent"), 6,362,644 ("the '644 patent"), and 5,361,001 ("the '001 patent")—are invalid and not infringed by SECL.

On December 4, 2006, ON Semiconductor filed suit in this Court against SECL and Samsung Electronics America, Inc., Samsung Telecommunications America General, LLC, and

Samsung Semiconductor Inc. (“the other Samsung entities”) alleging infringement of the ‘594 patent, the ‘644 patent, the ‘001 patent, and a fourth patent not at issue in the Delaware action, U.S. Patent No. 5,000,827 (“the ‘827 patent”).

On December 21, 2006, SECL amended its complaint in the Delaware action to add the other Samsung entities as co-plaintiffs, a claim for declaratory judgment of invalidity and noninfringement of the ‘827 patent, and a claim against ON Semiconductor for infringement of U.S. Patent No. 5,252,177 (“the ‘177 patent”).

Samsung now moves this Court to transfer this action under the first-to-file rule to the District of Delaware where the declaratory judgment action is pending. ON Semiconductor argues this action is the first filed because SECL’s amended complaint was filed after ON Semiconductor filed suit here and does not relate back to SECL’s original complaint, SECL filed its complaint in bad faith, and judicial economy is best served by proceeding in Texas.

APPLICABLE LAW

When overlapping suits are filed in multiple federal courts, each court must decide whether to keep the case, or whether interests of judicial economy favor transferring the case to a sister court so all issues can be resolved in the same forum. *See Tex. Instruments, Inc. v. Micron Semiconductor*, 815 F. Supp. 994, 997–98 (E.D. Tex. 1993). “The general rule favors the forum of the first-filed action” as the forum for resolving all the issues in dispute. *Genetech v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993). Exceptions to this rule though “are not rare, and are made when justice or expediency requires.” *Id.*

The first-to-file rule applies when the two actions involve closely related questions or subject matter or the core issues substantially overlap, but the core issues do not need to be identical. *Tex. Instruments Inc.*, 815 F. Supp. at 997. A subsequent action that does not have complete identity of

the parties can still substantially overlap on the substantive issues of the first-filed action, warranting dismissal or transfer. *Superior Sav. Ass'n v. Bank of Dallas*, 705 F. Supp. 326, 328–29 (N.D. Tex. 1989); *see Save Power Ltd. v. Sintek Fin. Corp.*, 121 F.3d 947, 950 (5th Cir. 1997).

Once it has been proven that the two actions might substantially overlap, the court with the second-filed action transfers the case to the court where the first-filed action is pending. The court of the first-filed action then decides if the cases actually do substantially overlap and require consolidation. *Cadle Co. v. Whataburger of Alice, Inc.*, 174 F.3d 599 (5th Cir. 1999). The underlying policies supporting the first-to-file rule are comity and the orderly administration of justice. *Superior Sav. Ass'n*, 705 F. Supp. at 331.

ANALYSIS

ON Semiconductor contends this action is the first filed because SECL's original complaint is no longer a live pleading and SECL's amended complaint was filed after ON Semiconductor filed suit here and does not relate back to SECL's original complaint. ON Semiconductor's arguments that its complaint was filed first are meritless. Although SECL amended its complaint to add the other Samsung entities as plaintiffs and claims on two additional patents, SECL's amended complaint is not so different from its original complaint that the original complaint should be disregarded for the first-to-file analysis.

As originally filed, both suits involved SECL and ON Semiconductor and the '594, '644, and '001 patents. As amended, the Delaware action involves all of the same parties and patents as the Texas action. The first-to-file rule only requires substantial overlap; it does not require that the core issues and parties be identical. *Tex. Instruments Inc.*, 815 F. Supp. at 997; *Superior Sav. Ass'n*, 705 F. Supp. at 328–29; *see Save Power Ltd.*, 121 F.3d at 950. Accordingly, the Delaware action is the first filed.

ON Semiconductor also argues that the SECL filed suit in Delaware in bad faith because the parties were still involved in licensing negotiations. This Court will leave it to the Delaware court to determine whether that suit was improperly filed.

Finally, ON Semiconductor argues the litigation should proceed in Texas because a district judge has not been assigned to the case in Delaware. However, a magistrate judge has been designated to hear and determine any nondispositive pretrial matters. *See* 28 U.S.C. § 636. Accordingly, the Court will not assume that the litigation will not receive prompt attention in Delaware.

CONCLUSION

Since the Delaware action is the first filed, the Court **GRANTS** Samsung's motion and **ORDERS** the case transferred to the district judge and magistrate judge assigned *Samsung Electronics Co. Ltd. v. ON Semiconductor Corporation* in the District of Delaware. Should the Delaware court determine that SECL's original complaint was not properly filed, this Court would be happy to receive this case back under the first-to-file rule.

*
So ORDERED and SIGNED this 21st day of June, 2007.



LEONARD DAVIS
UNITED STATES DISTRICT JUDGE

EXHIBIT B

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1 IN THE UNITED STATES DISTRICT COURT
 2 FOR THE EASTERN DISTRICT OF TEXAS
 3 TYLER DIVISION
 4
 5 ON SEMICONDUCTOR CORPORATION,) DOCKET NO. 6:06cv523
 6 ET AL)
 7 -vs-)
 8 SAMSUNG ELECTRONICS) Tyler, Texas
 9 AMERICA, INC., ET AL) 2:05 p.m.
 10) June 13, 2007

11 TRANSCRIPT OF MOTION HEARING
 12 BEFORE THE HONORABLE LEONARD DAVIS,
 13 UNITED STATES DISTRICT JUDGE

14 A P P E A R A N C E S

15 FOR THE PLAINTIFF: MR. KEN ADAMO
 16 JONES DAY
 17 2727 North Harwood
 18 Dallas, Texas 75201-1515

19 MR. BEHROOZ SHARIATI
 20 JONES DAY
 21 2882 Sand Hill Road, Ste. 240
 22 Menlo Park, CA 94025

23 MR. MICHAEL C. SMITH
 24 THE ROTH LAW FIRM
 115 N. Wellington, Ste. 200
 Marshall, Texas 75670

25 COURT REPORTER: MS. SHEA SLOAN
 26 211 West Ferguson
 27 Tyler, Texas 75702
 28 903/590-1176

29 Proceedings taken by Machine Stenotype; transcript was
 30 produced by a Computer.

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1 FOR THE DEFENDANTS: MR. JOHN DESMARAIIS
 2 MR. JAMES MARINA
 3 KIRKLAND & ELLIS
 4 153 E. 53rd St.
 5 New York, NY 10022-4675

6 MR. MIKE JONES
 7 MR. ALLEN GARDNER
 8 POTTER MINTON
 9 P.O. Box 359
 10 Tyler, Texas 75710

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1 MR. DESMARAIIS: I would, Your Honor. John Desmarais
 2 from Kirkland & Ellis for Samsung and Samsung entities. I
 3 think our motion is pretty straightforward. I don't think
 4 there is any dispute between the parties that our complaint,
 5 the first complaint was filed first. And the Fifth Circuit
 6 has long held that once there is a complaint on file, the
 7 inquiry in the second court stops as far as jurisdiction goes,
 8 and it is up to the first court whether to proceed or not.

9 I think the only challenge that the defendants have
 10 made in this case to that rule, which again is a
 11 long-established rule, is taking issue with whether there is
 12 jurisdiction in Delaware, whether the second amended complaint
 13 relates back to the first amended complaint and questions of
 14 that nature. Those all go to questions that, according to the
 15 Fifth Circuit, should be decided by the Delaware Court in the
 16 first instance.

17 There is good reason for that rule. It is
 18 articulated by the Fifth Circuit in the Cadle case, which we
 19 have cited in our briefs. It says that if the second court
 20 starts to entertain these questions, one of three things is
 21 going to happen that the first-filed rule was designed to
 22 prevent. Either the second-filed court will be making a
 23 ruling that was already made in another court or will be
 24 rehashing a ruling that is being made in another court or will
 25 trench upon the sister court's treatment of those issues.

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1 That hasn't yet happened that. One of those three things the
 2 Fifth Circuit tells us is the policy behind the rule. That is
 3 directly applicable here.

4 If Your Honor weighs in and starts to decide the
 5 issues the defendants would like you to decide -- or excuse me
 6 the plaintiffs would like you to decide, whether the second
 7 amended complaint relates back to the first or whether the
 8 first complaint had proper DJ jurisdiction or any of those
 9 issues, those really are issues that -- those are complaints
 10 filed in Delaware. Those are issues that ought to be dealt
 11 with in the first instance by the Delaware Court. So legally
 12 I think we are on very good ground.

13 But then even procedurally we already have submitted
 14 a schedule to the Delaware Court. We have already had a
 15 scheduling conference in the Delaware Court. We have already
 16 done discovery. Both sides have exchanged interrogatories.
 17 Both sides have answered interrogatories. Discovery is moving
 18 forward. We are collecting documents now already. And the
 19 schedule that the parties agreed to --

20 THE COURT: You just don't have a judge there,
 21 right?

22 MR. DESMARAIS: That's correct. There is a
 23 Magistrate Judge that has been assigned to the case. We had a
 24 scheduling conference with her, and we discussed the schedule.
 25 And we submitted a schedule that is essentially -- both

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1 Court's schedule, we have another hearing set at 2:30, so I
 2 will just hit the high points here. I think this is pretty
 3 straightforward.

4 Unfortunately, it is not as SEC would allege that it
 5 is straightforward. There is, Your Honor, a very definite
 6 dispute here as to whether or not the SEC Delaware complaint
 7 is first filed. It is not. With respect to the '827 patent,
 8 there is no question that the '827 issues were raised here for
 9 the first time. And if Your Honor will look at Slide 5 --
 10 maybe I can. Slide 6, Your Honor. My apologies.

11 This shows what the filing sequence was. Samsung
 12 filed an original declaratory judgment complaint only on three
 13 patents. On the 12th of December of last year filed this
 14 action including the '827 patent. The '827 patent, as Your
 15 Honor will recall from the briefing, was not part of any
 16 presentation relating to the licensing negotiations. It is
 17 radically different subject matter that relates to analog
 18 technology. Very similar, Your Honor, I think to what the
 19 Court saw in your recent Garmin case. There is much
 20 difference in the technology. The patents are different
 21 inventors, different subject matter, different claims.

22 THE COURT: Well, do you want me to just keep that
 23 one here and send the others back?

24 MR. ADAMO: Well, that is one solution. And
 25 according to the law, that would be a reasonable solution.

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1 parties submitted essentially the same schedule. We are
 2 waiting for her enter it. She authorized us to go forward
 3 with discovery and she said she will be handling all discovery
 4 disputes going forward.

5 The schedule that both parties proposed in that case
 6 is actually aggressive. Discovery closes in March and trial
 7 is at the end of October '08. So it is moving forward with
 8 full speed. We have begun discovery, and we essentially
 9 agreed to the parameters of the discovery schedule with very
 10 little dispute between the parties, so for this Court to then
 11 keep this case would put us in the awkward situation of having
 12 discovery go forward in two cases simultaneously where
 13 everything is the same.

14 As we stand here today, the parties are all of the
 15 same, plaintiff and defendant, although on opposite sides.
 16 These are all the same parties, exactly the same patents,
 17 exactly the same products, and exactly the same causes of
 18 action. So if Your Honor keeps this case we are going to be
 19 doing the same thing twice, once in Delaware, once here at the
 20 same time. So it doesn't make any sense from our point of
 21 view of judicial economy either.

22 THE COURT: Okay. Thank you. Response?
 23 MR. ADAMO: Your Honor, I will hand it up just
 24 because we have it ready, I have a set of slides. But in view
 25 of the points that were raised -- and as I understand the

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1 But what my suggestion is to hold all of it here because with
 2 respect to the other three patents, as Your Honor will see,
 3 Samsung has now filed a superseding amended complaint which
 4 takes out the first complaint, and that amended complaint --

5 THE COURT: In Delaware or here?

6 MR. ADAMO: In Delaware. And that is what you see
 7 on Slide 6, Your Honor, that was filed December 21st of last
 8 year. That amended complaint is not any longer first filed.
 9 When you file an amended complaint, as this Court is well
 10 aware, the original complaint disappears. Everything is now
 11 done on the basis of the amended complaint, so it is no longer
 12 first filed.

13 THE COURT: That is true for the purposes of the
 14 first-to-file rule?

15 MR. ADAMO: According to --

16 THE COURT: I know as a general proposition that is
 17 true.

18 MR. ADAMO: I'm sorry, Your Honor.

19 THE COURT: Do you have a case that says that is
 20 true as it would apply to the first-to-file rule? I know what
 21 you say as a general proposition of law is correct that the
 22 amended complaint takes the place of the original complaint,
 23 but I was not aware that that would affect the first-to-file
 24 rule.

25 MR. ADAMO: Yes. It would affect the first-to-file

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1 rule, Your Honor. As I know the Court is aware, in Texas
 2 Instruments v. Micron, Judge Hall has a very succinct,
 3 trenchant discussion of the effect of the first-filed rule,
 4 and it is not binding, set in concrete. It is a rule of
 5 rationality and of reasonable approach. Lincoln National Life
 6 Insurance v. Transamerica, Your Honor, it is in our briefing.
 7 It, unfortunately, is not a Fifth Circuit nor Delaware case
 8 but it is Northern Indiana.

9 And in that case the Court found that the filing of
 10 a complaint that would be very similar to what we filed here
 11 prior to an amendment, the amendment took the first complaint
 12 out of the picture, and then the issue was, was the
 13 newly-filed action that was filed in Iowa, I believe, is the
 14 one that then controlled. Yes. The Northern District of Iowa
 15 sued the defendants -- sued the plaintiff, the Northern
 16 District of Iowa, over the same claim three days before the
 17 plaintiff introduced the amendment as such. The Iowa case is
 18 first filed, and the court defers to its sister court, et
 19 cetera, et cetera.

20 This is a very unique situation, Your Honor, as I'm
 21 sure the Court is aware. There is no question this is the
 22 first-filed case with respect to '827. On the basis of the
 23 precedent that I just recited to Your Honor, as well as the
 24 flexibility in the first-filed rule, with respect, I suggest
 25 that this is now also the first-filed case with respect to the

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1 less happy -- we are about to go into a presidential cycle.
 2 And no one is going to get through Congress on a judge
 3 appointment once we get close to the fourth quarter. It is
 4 June.

5 Now, we have agreed to not oppose their motion which
 6 they made three months ago -- it is still sitting there -- to
 7 ask for this case to be put on the docket of one of the three
 8 active judges. Judge Jordan is the Judge that was on the
 9 court when this case was assigned to him and has since been
 10 elevated to the Third Circuit. So we are not fighting that.
 11 We have agreed that we won't resist any attempt to have this
 12 transferred to an Article III judge. Nothing has happened.

13 THE COURT: What about consenting to Magistrate
 14 Judge Thyng?

15 MR. ADAMO: She is an excellent Judge, Your Honor.
 16 This is not personal to Magistrate Judge Thyng, but ON
 17 Semiconductor would prefer, as is its right, to have an
 18 Article III Judge do this. As Your Honor knows, Magistrate
 19 Judge Thyng would not be able to do anything with finality
 20 had she made a decision. The normal R & R rules would apply
 21 and who would we take it to?

22 We have gone as far as -- with great respect to
 23 Judge Thyng because she really is an excellent Judge. My
 24 client has elected to enjoy their full rights. They are more
 25 comfortable with having an Article III Judge, particularly of

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1 original three claims by their choice. They elected to file
 2 an amended complaint. In that amended complaint they make
 3 reference to this action on a number of occasions, among the
 4 other changes that they make.

5 But what they also did was in Paragraph 26 -- and
 6 this is repeated throughout the amended complaint -- they for
 7 the first time included an averment that says the defendants
 8 made good on threats of litigation they made prior to SEC's
 9 filing of the original complaint. There is no mention of
 10 threats of litigation in the original complaint. So they have
 11 added new facts they are relying on to try and demonstrate the
 12 presence of declaratory judgment jurisdiction. Under Rule 15,
 13 as Your Honor knows, that changes the circumstances is there a
 14 possibility of a relation back.

15 So, with respect, this is now the first-filed case.
 16 And Your Honor put your finger really on the nub here, in the
 17 absence of compelling circumstances the Federal -- I'm sorry,
 18 the Fifth Circuit says and the Federal Circuit has mimicked
 19 that, the court initially sees that the controversy should be
 20 the one to decide whether it will try the case. We are
 21 initially seized. Even if they were initially seized in
 22 Delaware, you are in the compelling circumstances situation.
 23 We don't have a judge in Delaware. And the chances of us
 24 getting one are slim to none because, as we all know -- and
 25 some of us are real happy about this and some of us may be

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1 the experience level -- as Your Honor knows, Delaware, those
 2 judges all know the patent law very well. Judge Sleet, Judge
 3 Robinson and Judge Farnan are the three remaining actives.
 4 And I would prefer, with Judge Jordan now no longer being
 5 available, that one of the three of them will hear the case.

6 THE COURT: Anything further?

7 MR. ADAMO: I think other than what is in the
 8 papers, Your Honor, the slides just essentially summarize the
 9 points that have previously been made in the papers. And I
 10 think Garmin in contrast to AmberWave, which I think are the
 11 two closest -- that may be closest to this on the relation
 12 back on the patent, this is by far a Garmin situation with the
 13 relationship between '827 and the other three patents.

14 Thank you, Your Honor.

15 THE COURT: Response?

16 MR. DESMARAIS: Just a couple quick points, Your
 17 Honor. First of all, with respect to the first-to-file rule,
 18 the amended complaint relates back to the original complaint.
 19 The law in the Fifth Circuit is quite clear, as is the law in
 20 the Third Circuit, that under Rule 15 an amended complaint
 21 relates back against the earlier date whenever the claim or
 22 defense asserted in the amended pleading arose out of the
 23 conduct, transaction, or occurrence set forth in the original
 24 pleading. And, in fact, the Fifth Circuit has said quite
 25 clearly that the Third Circuit follows this, that the critical

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1 question is whether the opposing party was put on notice
 2 regarding the claim.

3 There can't be any real argument here that ON Semi
 4 was on notice of the claim of patent infringement based on the
 5 first complaint. So for the purposes of the first-to-file
 6 rule there is no question that the Delaware complaint was
 7 first. And they even admit that in the slide. With regard to
 8 that, the Fifth Circuit tells us quite clearly in the Cadle
 9 case -- and I will read a quote from the case. They say, "The
 10 district court in this case was the second-filed court. And
 11 under Fifth Circuit precedent that balancing act is reserved
 12 for the first-filed Court once the likelihood of substantial
 13 overlap between the two suits has been demonstrated, it was no
 14 longer up to the second-filed court to resolve the question of
 15 whether both should be allowed to proceed." In that case it
 16 was the first court that had to do it.

17 Your Honor actually was faced in a very similar
 18 situation in the -- that we have here in the AmberWave v.
 19 Intel Corporation case. In that particular case the
 20 second-filed action was on a different patent and there was a
 21 motion to transfer. And this Court found that even though it
 22 was a different patent, it was substantially related and ought
 23 to be transferred. And I think I can read from the case. It
 24 says, "The first-filed rule applies when two actions involve
 25 closely-related questions or subject matter or the core issues

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1 substantially overlap, but the core issues do not need to be
 2 identical." In this case the second complaint, which was
 3 filed here by ON Semi it does raise a new patent. But in the
 4 AmberWave case this case in a very similar situation then
 5 transferred that new patent. In fact, it was to Delaware to
 6 Judge Jordan. And once it has been proven that the two
 7 actions might substantially overlap, the court with the
 8 second-filed action transfers the case to the court where the
 9 first-filed action is pending. The court of the first-filed
 10 action then decides whether the cases actually do
 11 substantially overlap and require consolidation.

12 So clearly the facts of this case, if we follow the
 13 law, send this case back to Delaware. And if we look at what
 14 is happening in Delaware, at the discovery hearing we had with
 15 Magistrate Judge Thynge, she quite clearly gave her view of
 16 the situation; and the transcript is attached to one of our
 17 briefs. We filed a notice of collateral proceedings which
 18 attached the transcript of that hearing.

19 In her view she says there is strong evidence of
 20 apprehension of suit supporting the first claim. We talked to
 21 her about the relation back and whether this case should be
 22 transferred. She says, "In my view this case continues here
 23 in Delaware until the court addresses these issues. That is
 24 what Judge Jordan would have done before being elevated."

25 THE COURT: Until the Court addresses what issues?

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1 MR. DESMARAIS: The motions that were pending.
 2 There is also pending motions in Delaware.

3 THE COURT: Uh-huh.
 4 MR. DESMARAIS: So she was saying until the court
 5 actually rules on those motions, we are going forward in
 6 Delaware with discovery and we are going to charge --
 7 THE COURT: And what motions are pending in
 8 Delaware?

9 MR. DESMARAIS: There is a motion to dismiss. We
 10 filed it styled as a declaratory judgment action and ON Semi
 11 has tried to dismiss the declaratory action on the grounds
 12 that there was no apprehension of suit. Of course, they sued
 13 us a few days later.

14 THE COURT: And she is not --
 15 MR. DESMARAIS: She hasn't decided that.

16 THE COURT: Well, of course, you filing suit is a
 17 little different than negotiations --

18 MR. DESMARAIS: Of course, of course.

19 THE COURT: As far as apprehension of suit, wouldn't
 20 you say?

21 MR. DESMARAIS: That's exactly right. But she did
 22 say in her view, "I would suggest that is probably strong
 23 evidence of reasonable apprehension." ON Semi was making
 24 their argument about why there was no apprehension. She was
 25 saying that she wasn't buying it. So she says we are going to

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1 go forward. Even though the motion hasn't been officially
 2 decided -- she authorized us to start discovery. And then she
 3 actually says in the transcript that we should tell Your Honor
 4 that she wants a scheduling order in Delaware and she wants to
 5 get the case moving along and we should tell the Court in
 6 Texas that we are moving along and that the case will be -- it
 7 is on Page 13 of the transcript; that she is in charge of
 8 moving it along with discovery and she is going to do that,
 9 and the merits, unless the parties consent, will be addressed
 10 by an Article III judge when appointed or it will be
 11 reassigned to one of the judges pending on the bench.

12 So it is not the case that this is an orphan in
 13 Delaware. It is either going to get a new judge, as she tells
 14 us in the transcript, or it will be reassigned to one of the
 15 judges that are sitting on the court. The schedule has us
 16 going to trial, has discovery closing in March of '08 and
 17 going to trial in October of '08. So it would be a wrong
 18 impression to come away with the thought it was an orphan case
 19 not moving forward. The Magistrate is in charge of moving it
 20 forward and leaving it with a new judge if that is done or it
 21 being reassigned. That's what she says in the transcript.

22 THE COURT: Response?

23 MR. ADAMO: All of this took place in March. It is
 24 the middle of June. Nothing is happening. We made a
 25 provision in full respect of Magistrate Judge Thynge in

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1 Delaware to go ahead and start the discovery. There is cross
2 use. Everything that is done there can be done here.

3 The reason that the amended complaint is now the
4 first-filed complaint is you just heard Mr. Desmarais, just as
5 his amended complaint does, try to use the filing of this
6 action to demonstrate that there was proper jurisdiction,
7 proper pleading of a declaratory judgment action, which
8 doesn't really go to jurisdiction, as a result of, gee look,
9 it was all confirmed by what we did later. That is exactly
10 the point. He has made his bed. He is not first filed here
11 any longer.

12 And the Fifth Circuit case that all these cases go
13 back to Your Honor is Mann, and in Mann there is a huge fact
14 difference that isn't present here. There was an injunction
15 in the first court prohibiting the Texas court from going
16 forward. There is no such injunction here, and that radically
17 changes --

18 THE COURT: Didn't --

19 MR. ADAMO: They moved for one.

20 THE COURT: -- defendants move --

21 MR. ADAMO: They didn't get it.

22 THE COURT: -- for an injunction?

23 MR. ADAMO: He hasn't got one. He has got motion
24 papers. Motion papers are a lot different than an injunction,
25 Your Honor.

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1 Anything further?

2 MR. DESMARAIS: No, Your Honor.

3 MR. ADAMO: No. Thank you, Your Honor.

4 THE COURT: You are very welcome. We will be in
5 recess until the next case.

6 (End of hearing.)

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10 C E R T I F I C A T I O N

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12 I certify that the foregoing is a correct transcript from the
13 record of proceedings in the above-entitled matter.

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17 SHEA SLOAN, CSR, RPR

OFFICIAL COURT REPORTER

18 STATE OF TEXAS NO. 3081

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1 MR. DESMARAIS: Well, it hasn't been ruled on. It's
2 not like we didn't get it. It hasn't --

3 MR. ADAMO: Your Honor, where I learned how to do
4 this is you can move all you want. Until you get an order,
5 all you have got is a motion.

6 THE COURT: Well, let me -- enough. I think we have
7 got a very contentious case here that I think would be very
8 well-suited for Delaware. And I am -- I visited with Judge
9 Thynge this morning and I told her I wanted to hear the
10 arguments and thus and so forth and so on. But I was inclined
11 to be of the opinion that it was first filed and that I
12 probably would transfer the case to Delaware, which I am now
13 doing, for her to determine and/or such Article III judge as
14 may be assigned to the case, whatever motions to -- pleads to
15 the jurisdictions or motions to dismiss that the defendant
16 there, the plaintiff here, ON Semiconductor may have filed;
17 and I will say on the record -- and you can quote me -- that
18 we will be happy to receive this case back here if the
19 Delaware court should determine that ON is correct that there
20 was no legitimate apprehension of suit at the time DJ was
21 filed.

22 But until that is determined by that court, this
23 Court will transfer this case to Delaware. Y'all can have
24 that decided up there. And if you come back down here, we
25 will all get along well and move it along.

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